



**SHUN HO RESOURCES  
HOLDINGS LIMITED**  
**(順豪資源集團有限公司)**  
**(Stock Code: 253)**

**Interim Report 2015**

## **CORPORATE INFORMATION**

### **Executive Directors**

Mr. William Cheng Kai Man (*Chairman*)  
Mr. Albert Hui Wing Ho

### **Non-Executive Director**

Madam Mabel Lui Fung Mei Yee

### **Independent Non-Executive Directors**

Mr. Vincent Kwok Chi Sun  
Mr. Chan Kim Fai  
Mr. Hui Kin Hing

### **Company Secretary**

Mr. Huen Po Wah

### **Auditor**

Deloitte Touche Tohmatsu  
35th Floor, One Pacific Place  
88 Queensway  
Hong Kong

### **Solicitors**

CFN Lawyers  
27th Floor, Neich Tower  
128 Gloucester Road  
Wan Chai  
Hong Kong

### **Principal Bankers**

The Hongkong and Shanghai Banking  
Corporation Limited  
Chong Hing Bank Limited

### **Registered Office**

3rd Floor, Shun Ho Tower  
24-30 Ice House Street  
Central, Hong Kong

### **Share Registrars**

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Tel: 2980 1333

### **Company's Website**

[www.shunho.com.hk](http://www.shunho.com.hk)

## **INTERIM RESULTS**

The board of directors (the “Board”) of Shun Ho Resources Holdings Limited (the “Company”) announces that the net profit after tax attributable to owners of the Company before revaluation gain of investment properties, gain on disposal of subsidiaries and the depreciation of the properties for the six months ended 30th June, 2015 was HK\$45 million (six months ended 30th June, 2014: HK\$60 million), decreased by 25%.

The results of the Group for the six months ended 30th June, 2015 and its financial position as at that date are set out in the condensed consolidated financial statements on pages 11 to 32 of this report.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended 30th June, 2015 (six months ended 30th June, 2014: Nil).

The Company has consolidated profit through its investment in Shun Ho Technology Holdings Limited (“Shun Ho Technology”) and Magnificent Estates Limited (“Magnificent Estates”) although it has not received cash income yet from Shun Ho Technology and Magnificent Estates. The Company is seeking other local property investments in order to increase additional incomes. Because of no cash income base, the Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2015.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

During the period under review, the Group through its major subsidiaries, Shun Ho Technology and Magnificent Estates, continued with its operations of properties investment, properties development and operation of hotels.

The net profit after tax attributable to owners of the Company before revaluation gain of investment properties, gain on disposal of subsidiaries and the depreciation of the properties for the six months ended 30th June, 2015 was HK\$45 million (six months ended 30th June, 2014: HK\$60 million), decreased by 25%.

- For the six months ended 30th June, 2015, the Group’s income decreased by 16% to HK\$282 million which was mostly derived from the operation of hotels and the properties rental income.

The income from operation of hotels, Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Grand Hotel, Best Western Hotel Harbour View, Best Western Hotel Causeway Bay and Magnificent International Hotel, Shanghai decreased by 23% to HK\$203 million (six months ended 30th June, 2014: HK\$264 million). The revenue of the existing hotels is decreased by 19% for the period.

The properties rental income was derived from office buildings of Shun Ho Tower, 633 King's Road and shops from Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Grand Hotel amounted to HK\$62 million (six months ended 30th June, 2014: HK\$58 million). At the date of this report, 633 King's Road is providing an annual rental income of HK\$95 million (excluding rates and management fee incomes).

Other income amounted to HK\$16.8 million (six months ended 30th June, 2014: HK\$12.7 million) which was mostly property management fee income of HK\$7.7 million (six months ended 30th June, 2014: HK\$7.7 million) with related expenses of HK\$6.9 million (six months ended 30th June, 2014: HK\$6.9 million), interest income from cash deposits of HK\$4.8 million (six months ended 30th June, 2014: HK\$5.0 million) and gain on disposal of property, plant and equipment and sundry income amounted to HK\$4.3 million (six months ended 30th June, 2014: Nil).

- Overall service costs for the Group for the period was HK\$114.5 million (six months ended 30th June, 2014: HK\$119.8 million), of which HK\$114.1 million (six months ended 30th June, 2014: HK\$119.5 million) was for the hotel operations including food and beverage and costs of sales and HK\$0.4 million (six months ended 30th June, 2014: HK\$0.3 million) was mainly for rates and leasing commission paid for investment properties. The leasing commissions paid for the leased premises represent total commissions payable for the three years of rental period.

During the period, the administrative expenses excluding depreciation was HK\$15.2 million (six months ended 30th June, 2014: HK\$15.6 million) for corporate management office including directors' fees, salaries for executive staff and employees, rental, marketing expenses and office expenses.

Other expenses were property management expenses amounted to HK\$6.9 million (six months ended 30th June, 2014: HK\$6.9 million) and pre-operating expense of Grand City Hotel amounted to HK\$1.8 million.

- As at 30th June, 2015, the overall debts of the Group were HK\$638 million (31st December, 2014: HK\$678 million). Most of the debts were borrowed by Magnificent Estates group. The gearing ratio of the Group (including Magnificent Estates group) was approximately 10% (31st December, 2014: 11%) in terms of bank borrowings of HK\$593 million (31st December, 2014: HK\$622 million) and HK\$45 million (31st December, 2014: HK\$56 million) was advance from shareholders against funds employed of HK\$6,334 million (31st December, 2014: HK\$6,266 million).

The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar. Accordingly, the exchange risk of the Group is minimal. During the period under review, the Group's staffing level was about 4% more than that of 31st December, 2014. Remuneration and benefit were set with reference to the market.

- For the period under review, the investment properties such as Shun Ho Tower, 633 King's Road and shops in Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Grand Hotel were remained fully let.
- As at the date of this report, the leasing of the grade A office building at 633 King's Road achieved HK\$95 million (excluding rates and management fee incomes) per annum. The management envisages the office building will have modest rental increase in 2015 as most leases are due for renewal.
- For the period under review, the hotel industry suffered 3.8% decline of overnight visitors.

## **LOOKING AHEAD**

Future prospects of the Company will continue to base on the prospects of commercial properties income from Shun Ho Technology and hotel incomes from Magnificent Estates. The Group continues to identify acquisition opportunities to improve income base of the Company.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the period.

## DIRECTORS' INTERESTS IN LISTED SECURITIES

As at 30th June, 2015, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required (a) to be entered in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

### The Company

Name of director	Capacity	Nature of interests	Number of shares held	Approximate % of shareholding
William Cheng Kai Man	Interest of controlled corporations	Corporate	216,608,825 (Note)	71.20

Note:

Trillion Resources Limited and Mercury Fast Limited beneficially owned 154,006,125 shares of the Company (the “Shares”) and 62,602,700 Shares respectively. Mr. William Cheng Kai Man had controlling interests in the above mentioned companies. All the above interests in Shares are long position.

### Associated corporations

Name of director	Name of associated corporation	Capacity	Nature of interests	Number of Shares/ underlying Shares held	Approximate % of shareholding
William Cheng Kai Man	Shun Ho Technology Holdings Limited (“Shun Ho Technology”) (Note 1)	Interest of controlled corporations	Corporate	359,543,999	66.94
William Cheng Kai Man	Magnificent Estates Limited (“Magnificent Estates”) (Note 2)	Interest of controlled corporations	Corporate	6,360,585,437	71.09
William Cheng Kai Man	Trillion Resources Limited (“Trillion Resources”) (Note 3)	Beneficial owner	Personal	1	100

*Notes:*

1. Shun Ho Technology, the Company's subsidiary, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
2. Magnificent Estates, the Company's indirect subsidiary, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
3. Trillion Resources, the Company's ultimate holding company, is a company incorporated in the British Virgin Islands.
4. All the above interests in the shares of the associated corporations are long position.

An employees share option scheme of Magnificent Estates, an indirect subsidiary of the Company, was adopted at the extraordinary general meeting held on 14th November, 2013 (the "Employees Share Option Scheme"). Since the adoption of the Employees Share Option Scheme and up to the date of this report, no share option had been granted under the Employees Share Option Scheme.

Save as disclosed above and save for shares in subsidiaries held by a director in trust for their immediate holding companies, as at 30th June, 2015, none of the directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers and none of the directors or their associates or their spouse or children under the age of 18, had any right to subscribe for the securities of the Company or associated corporation, or had exercised any such right during the period.

## SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2015, the following persons (not being directors or chief executive of the Company) had interests in the Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Number of shares	Approximate % of shareholding
Mercury Fast Limited ("Mercury")	Beneficial owner	62,602,700	20.60
Magnificent Estates ( <i>Note 1</i> )	Interest of controlled corporation	62,602,700	20.60
Shun Ho Technology ( <i>Note 1</i> )	Interest of controlled corporation	62,602,700	20.60
Trillion Resources ( <i>Note 2</i> )	Beneficial owner and interest of controlled corporation	216,608,825	71.20
Liza Lee Pui Ling ( <i>Note 3</i> )	Interest of spouse	216,608,825	71.20

*Notes:*

1. Magnificent Estates and Shun Ho Technology were taken to be interested in 62,602,700 Shares held by Mercury, a wholly-owned subsidiary of Magnificent Estates which in turn owned as to 71.09% by Shun Ho Technology and its subsidiaries.
2. Trillion Resources beneficially owned 154,006,125 Shares (50.60%) and was taken to be interested in 62,602,700 Shares (20.60%) held by Mercury which is the Company's indirect subsidiary.
3. Madam Liza Lee Pui Ling was deemed to be interested in 216,608,825 Shares by virtue of the interest in such Shares of her spouse, Mr. William Cheng Kai Man, a director of the Company.
4. All the above interests in the Shares are long position.



Save as disclosed above, there was no person, other than a director or chief executive of the Company, who had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

## **INDEPENDENT REVIEW**

The interim results for the six months ended 30th June, 2015 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by Deloitte Touche Tohmatsu, whose independent review report is included on page 10 of this interim report. The interim results and the interim report 2015 have also been reviewed by the Group’s Audit Committee.

## **CORPORATE GOVERNANCE**

### **(a) Compliance with the Corporate Governance Code**

During the period ended 30th June, 2015, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited with the exception of the following deviations:

*Code Provision A.2.1: chairman and chief executive should not be performed by the same individual*

The Company does not have separate appointments for Chairman and Chief Executive Officer. Mr. William Cheng Kai Man holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person enables the Company to have a stable and consistent leadership. It also facilitates the planning and execution of the Company’s strategy and is hence, for the interests of the Company and its shareholders.

*Code Provision A.4.1: non-executive directors should be appointed for a specific term*

All directors of the Company (including executive or non-executive directors) are not appointed for a fixed term. The Articles of Association of the Company stipulate that every director (including executive or non-executive directors) shall retire and be re-elected at least once every three years. Therefore, the Company has adopted adequate measures to ensure the corporate governance of the Company complies with the same level to that required under the Corporate Governance Code.

*Code Provision A.5.2: the nomination committee should perform the duties set out in paragraphs (a) to (d)*

The terms of reference of the nomination committee adopted by the Company are in compliance with the code provision A.5.2 except that it is not the duty of the nomination committee to select individuals nominated for directorships. The nomination committee comprises a majority of independent non-executive directors who are not involved in the daily operation of the Company and may not have sufficient knowledge of industry practice. Such duty should be performed by the board.

*Code Provision B.1.2: the remuneration committee's terms of reference should include, as a minimum, paragraphs (a) to (h)*

The terms of reference of the remuneration committee adopted by the Company are in compliance with the code provision B.1.2 except that it is not the duties of the remuneration committee to approve the management's remuneration proposals, compensation payable to executive directors and senior management for any loss or termination of office or appointment and compensation arrangements relating to dismissal or removal of directors for misconduct. The remuneration committee comprises a majority of independent non-executive directors who are not involved in the daily operation of the Company and may not have sufficient knowledge of industry practice. Such duties should be performed by the board.

**(b) Compliance with the Model Code**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code during the period.

By Order of the Board

**William CHENG Kai Man**  
*Chairman*

Hong Kong, 17th August, 2015

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

**TO THE BOARD OF DIRECTORS OF  
SHUN HO RESOURCES HOLDINGS LIMITED**  
*(incorporated in Hong Kong with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shun Ho Resources Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 11 to 32, which comprise the condensed consolidated statement of financial position as of 30th June, 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
17th August, 2015

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

	NOTES	Six months ended 30th June,	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	3	265,091	322,043
Cost of sales		(2,022)	(2,117)
Other service costs		(112,463)	(117,644)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		<u>(34,497)</u>	<u>(33,868)</u>
Gross profit		116,109	168,414
Increase in fair value of investment properties	11	–	1,900
Other income and gains		16,767	12,708
Gain on disposal of subsidiaries		–	620,478
Administrative expenses			
– Depreciation		(1,668)	(1,917)
– Others		(15,167)	(15,624)
		(16,835)	(17,541)
Other expenses		(8,681)	(6,840)
Finance costs	5	<u>(4,926)</u>	<u>(5,382)</u>
Profit before taxation		102,434	773,737
Income tax expense	6	<u>(19,359)</u>	<u>(29,341)</u>
Profit for the period	7	<u>83,075</u>	<u>744,396</u>
<b>Other comprehensive expense</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Exchange differences arising on translation of foreign operations		(346)	(2,431)
Fair value loss on available-for-sale investments		<u>(47)</u>	<u>(102)</u>
Other comprehensive expense for the period		<u>(393)</u>	<u>(2,533)</u>
Total comprehensive income for the period		<u>82,682</u>	<u>741,863</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (Continued)**

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

		<b>Six months ended 30th June,</b>	
		<b>2015</b>	2014
	<i>NOTES</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the period attributable to:			
Owners of the Company		<b>31,584</b>	282,603
Non-controlling interests		<b><u>51,491</u></b>	<u>461,793</u>
		<b><u>83,075</u></b>	<u>744,396</u>
Total comprehensive income attributable to:			
Owners of the Company		<b>31,432</b>	281,638
Non-controlling interests		<b><u>51,250</u></b>	<u>460,225</u>
		<b><u>82,682</u></b>	<u>741,863</u>
		<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
Earnings per share			
Basic	9	<b><u>13.06</u></b>	<u>116.89</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2015

		As at <b>30th June,</b> <b>2015</b>	As at 31st December, 2014
	<i>NOTES</i>	<i>HK\$'000</i> <b>(Unaudited)</b>	<i>HK\$'000</i> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>10</i>	<b>2,485,587</b>	2,499,297
Prepaid lease payments for land		<b>32,901</b>	33,440
Investment properties	<i>11</i>	<b>3,082,700</b>	3,082,700
Properties under development	<i>10</i>	<b>397,671</b>	382,339
Available-for-sale investments	<i>12</i>	<b>5,965</b>	6,012
		<b><u>6,004,824</u></b>	<u>6,003,788</u>
<b>CURRENT ASSETS</b>			
Inventories		<b>866</b>	891
Prepaid lease payments for land		<b>901</b>	901
Trade and other receivables	<i>13</i>	<b>10,257</b>	21,485
Other deposits and prepayments		<b>42,480</b>	8,331
Bank balances and cash		<b>1,183,352</b>	1,166,189
		<b><u>1,237,856</u></b>	<u>1,197,797</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	<i>14</i>	<b>51,929</b>	42,829
Rental and other deposits received		<b>6,467</b>	11,261
Advance from ultimate holding company	<i>17(a)</i>	<b>45,451</b>	56,556
Tax liabilities		<b>24,391</b>	16,494
Bank loans	<i>15</i>	<b>593,017</b>	621,733
		<b><u>721,255</u></b>	<u>748,873</u>
<b>NET CURRENT ASSETS</b>		<b><u>516,601</u></b>	<u>448,924</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u><u>6,521,425</u></u></b>	<u><u>6,452,712</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION (Continued)**

AT 30TH JUNE, 2015

		As at <b>30th June, 2015</b> <i>HK\$'000</i> (Unaudited)	As at 31st December, 2014 <i>HK\$'000</i> (Audited)
	<i>NOTES</i>		
<b>CAPITAL AND RESERVES</b>			
Share capital	16	<b>172,252</b>	172,252
Reserves		<b><u>2,553,044</u></b>	<u>2,521,612</u>
Equity attributable to owners of the			
Company		<b>2,725,296</b>	2,693,864
Non-controlling interests		<b><u>3,608,736</u></b>	<u>3,572,358</u>
		<b><u>6,334,032</u></b>	<u>6,266,222</u>
<b>NON-CURRENT LIABILITIES</b>			
Rental deposits received		<b>32,905</b>	33,724
Deferred tax liabilities		<b><u>154,488</u></b>	<u>152,766</u>
		<b><u>187,393</u></b>	<u>186,490</u>
		<b><u>6,521,425</u></b>	<u>6,452,712</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000 (Note a)	Securities revaluation reserve HK\$'000	Foreign currency translation reserve HK\$'000	Own shares held by a subsidiary HK\$'000 (Note b)	Other reserve HK\$'000 (note c)	Retained profits HK\$'000	Sub total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st January, 2014 (audited)	152,184	20,068	22,702	(12,252)	7,994	(12,834)	538,090	1,573,856	2,289,808	3,108,405	5,398,213
Profit for the period	-	-	-	-	-	-	-	282,603	282,603	461,793	744,396
Exchange differences arising on translation of foreign operations	-	-	-	-	(925)	-	-	-	(925)	(1,506)	(2,431)
Fair value loss on available-for-sale investments	-	-	-	(40)	-	-	-	-	(40)	(62)	(102)
Total comprehensive (expense) income for the period	-	-	-	(40)	(925)	-	-	282,603	281,638	460,225	741,863
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	60,212	-	60,212	(73,559)	(13,347)
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance (Note d)	20,068	(20,068)	-	-	-	-	-	-	-	-	-
Dividend payable to non-controlling interests	-	-	-	-	-	-	-	-	-	(14,873)	(14,873)
At 30th June, 2014 (unaudited)	<u>172,252</u>	<u>-</u>	<u>22,702</u>	<u>(12,292)</u>	<u>7,069</u>	<u>(12,834)</u>	<u>598,302</u>	<u>1,856,459</u>	<u>2,631,658</u>	<u>3,480,198</u>	<u>6,111,856</u>
At 1st January, 2015 (audited)	172,252	-	22,702	(12,405)	7,180	(12,834)	598,302	1,918,667	2,693,864	3,572,358	6,266,222
Profit for the period	-	-	-	-	-	-	-	31,584	31,584	51,491	83,075
Exchange differences arising on translation of foreign operations	-	-	-	-	(133)	-	-	-	(133)	(213)	(346)
Fair value loss on available-for-sale investments	-	-	-	(19)	-	-	-	-	(19)	(28)	(47)
Total comprehensive (expense) income for the period	-	-	-	(19)	(133)	-	-	31,584	31,432	51,250	82,682
Dividend payable to non-controlling interests	-	-	-	-	-	-	-	-	-	(14,872)	(14,872)
At 30th June, 2015 (unaudited)	<u>172,252</u>	<u>-</u>	<u>22,702</u>	<u>(12,424)</u>	<u>7,047</u>	<u>(12,834)</u>	<u>598,302</u>	<u>1,950,251</u>	<u>2,725,296</u>	<u>3,608,736</u>	<u>6,334,032</u>



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN  
EQUITY(Continued)**

*FOR THE SIX MONTHS ENDED 30TH JUNE, 2015*

*Notes:*

- (a) The property revaluation reserve is frozen upon the transfer and will be transferred to retained profits when the relevant properties are disposed of.
- (b) The own shares held by a subsidiary represents the carrying amount of shares in the Company held by an entity at the time the entity become a subsidiary of the Company.
- (c) The other reserve was resulted from the acquisition of additional interest or disposal of partial interest in subsidiaries without losing control.
- (d) The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance (i.e. 3rd March, 2014).

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30TH JUNE, 2015**

	<b>Six months ended 30th June,</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Net cash from operating activities	<u><b>100,204</b></u>	<u>196,091</u>
Net cash (used in) from investing activities:		
Expenditure on properties under development	<b>(18,887)</b>	(44,436)
Acquisition of additional interest in a subsidiary	–	(13,347)
Purchase of available-for-sale investments	–	(5,629)
Acquisition of property, plant and equipment	<b>(22,764)</b>	(2,468)
Expenditure on investment properties	–	(100)
Proceed from disposal of subsidiaries, net of cash and cash equivalents	–	712,542
Proceeds from disposal of property, plant and equipment	<u><b>4,469</b></u>	<u>–</u>
	<u><b>(37,182)</b></u>	<u>646,562</u>
Net cash used in financing activities:		
Interest paid	<b>(4,909)</b>	(5,344)
Repayment of bank loans	<b>(28,716)</b>	(25,876)
Repayment to ultimate holding company	<u><b>(12,234)</b></u>	<u>–</u>
	<u><b>(45,859)</b></u>	<u>(31,220)</u>
Net increase in cash and cash equivalents	<b>17,163</b>	811,433
Cash and cash equivalents at the beginning of the period	<u><b>1,166,189</b></u>	<u>321,226</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u><u><b>1,183,352</b></u></u>	<u><u>1,132,659</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2014.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE

Revenue represents the aggregate of income from operation of hotels, property rental and dividend income, and is analysed as follows:

	Six months ended 30th June,	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Income from operation of hotels	203,054	264,322
Income from property rental	61,801	57,721
Dividend income	236	—
	<u>265,091</u>	<u>322,043</u>

### 4. SEGMENT INFORMATION

The Group's operating and reportable segments, based on information reported to the chief operating decision maker, Chairman of the Company, for the purpose of resources allocation and performance assessment are as follows:

1. Hospitality services – Ramada Hotel Kowloon
2. Hospitality services – Ramada Hong Kong Hotel
3. Hospitality services – Best Western Hotel Taipa, Macau (*Note*)
4. Hospitality services – Magnificent International Hotel, Shanghai
5. Hospitality services – Best Western Hotel Causeway Bay
6. Hospitality services – Best Western Hotel Harbour View
7. Hospitality services – Best Western Grand Hotel
8. Property investment – 633 King's Road
9. Property investment – Shun Ho Tower
10. Property investment – Shops
11. Securities investment and trading
12. Property development for hotel – 338 Queen's Road West

*Note:* The Group has disposed of the holding companies that hold Best Western Hotel Taipa, Macau during the six months ended 30th June, 2014.

Information regarding the above segments is reported below.

#### 4. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results by operating and reportable segment for the periods under review:

	Segment revenue		Segment profit (loss)	
	Six months ended 30th June,		Six months ended 30th June,	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hospitality services	<b>203,054</b>	264,322	<b>54,431</b>	111,019
– Ramada Hotel Kowloon	<b>28,955</b>	37,658	<b>5,110</b>	14,805
– Ramada Hong Kong Hotel	<b>38,434</b>	45,906	<b>13,306</b>	22,072
– Best Western Hotel Taipa, Macau	–	14,258	–	7,038
– Magnificent International Hotel, Shanghai	<b>10,292</b>	9,715	<b>1,417</b>	879
– Best Western Hotel Causeway Bay	<b>31,048</b>	40,543	<b>7,245</b>	16,848
– Best Western Hotel Harbour View	<b>44,971</b>	52,888	<b>17,146</b>	25,482
– Best Western Grand Hotel	<b>49,354</b>	63,354	<b>10,207</b>	23,895
Property investment	<b>61,801</b>	57,721	<b>61,442</b>	59,295
– 633 King's Road	<b>47,059</b>	42,715	<b>46,791</b>	52,508
– Shun Ho Tower	<b>10,849</b>	10,032	<b>10,758</b>	9,813
– Shops	<b>3,893</b>	4,974	<b>3,893</b>	(3,026)
Securities investment and trading	<b>236</b>	–	<b>236</b>	–
Property development for hotel	–	–	–	–
– 338 Queen's Road West	–	–	–	–
	<b><u>265,091</u></b>	<b><u>322,043</u></b>	<b>116,109</b>	170,314
Other income and gains			<b>16,767</b>	12,708
Gain on disposal of subsidiaries			–	620,478
Central administration costs and directors' emoluments			<b>(16,835)</b>	(17,541)
Other expenses			<b>(8,681)</b>	(6,840)
Finance costs			<b>(4,926)</b>	(5,382)
Profit before taxation			<b><u>102,434</u></b>	<b><u>773,737</u></b>

#### 4. SEGMENT INFORMATION (Continued)

Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of central administration costs, directors' emoluments, gain on disposal of subsidiaries, other income and gains, other expenses and finance costs. This is the measure reported to the chief operating decision maker, Chairman of the Company, for the purposes of resources allocation and performance assessment.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both periods.

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	<b>As at 30th June, 2015 HK\$'000 (Unaudited)</b>	As at 31st December, 2014 HK\$'000 (Audited)
<b>Segment assets</b>		
Hospitality services	<b>2,389,252</b>	2,432,556
– Ramada Hotel Kowloon	<b>261,913</b>	269,690
– Ramada Hong Kong Hotel	<b>330,943</b>	333,876
– Magnificent International Hotel, Shanghai	<b>86,752</b>	88,499
– Best Western Hotel Causeway Bay	<b>363,974</b>	370,948
– Best Western Hotel Harbour View	<b>522,932</b>	528,978
– Best Western Grand Hotel	<b>822,738</b>	840,565
Property investment	<b>3,086,468</b>	3,085,245
– 633 King's Road	<b>2,173,126</b>	2,172,156
– Shun Ho Tower	<b>553,342</b>	553,089
– Shops	<b>360,000</b>	360,000
Securities investment and trading	<b>5,965</b>	6,234
Property development for hotel		
– 338 Queen's Road West	<b>400,326</b>	383,181
	<b>5,882,011</b>	5,907,216
Unallocated assets	<b>1,360,669</b>	1,294,369
	<b>7,242,680</b>	7,201,585

#### 4. SEGMENT INFORMATION (Continued)

	As at <b>30th June, 2015</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2014 <i>HK\$'000</i> <b>(Audited)</b>
<b>Segment liabilities</b>		
Hospitality services	<b>20,587</b>	25,394
– Ramada Hotel Kowloon	<b>4,699</b>	3,765
– Ramada Hong Kong Hotel	<b>3,851</b>	2,978
– Magnificent International Hotel, Shanghai	<b>1,625</b>	1,219
– Best Western Hotel Causeway Bay	<b>2,491</b>	2,260
– Best Western Hotel Harbour View	<b>3,206</b>	4,225
– Best Western Grand Hotel	<b>4,715</b>	10,947
Property investment	<b>39,468</b>	38,563
– 633 King's Road	<b>30,163</b>	28,396
– Shun Ho Tower	<b>6,809</b>	6,552
– Shops	<b>2,496</b>	3,615
Securities investment and trading	<b>2</b>	2
Property development for hotel		
– 338 Queen's Road West	<b>8,190</b>	11,985
	<b>68,247</b>	75,944
Unallocated liabilities	<b>840,401</b>	859,419
	<b>908,648</b>	935,363

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than the Group's head office corporate assets, (including certain property, plant and equipment) and bank balances and cash; and
- all liabilities are allocated to operating and reportable segments other than the Group's head office corporate liabilities, bank loans and current and deferred tax liabilities.

## 5. FINANCE COSTS

	Six months ended 30th June,	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interests on:		
Bank loans wholly repayable within five years	4,909	5,344
Advance from ultimate holding company wholly repayable within five years ( <i>note 17 (a)</i> )	<u>1,129</u>	<u>1,142</u>
	6,038	6,486
Less: amounts capitalised in properties under development	<u>(1,112)</u>	<u>(1,104)</u>
	<u><u>4,926</u></u>	<u><u>5,382</u></u>

## 6. INCOME TAX EXPENSE

	Six months ended 30th June,	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The taxation charge comprises:		
Current tax		
Hong Kong	17,366	22,088
The People's Republic of China ("PRC")	271	126
Other jurisdiction	<u>-</u>	<u>715</u>
	17,637	22,929
Overprovision in prior years		
Hong Kong	-	(6)
Deferred tax		
Current period	<u>1,722</u>	<u>6,418</u>
	<u><u>19,359</u></u>	<u><u>29,341</u></u>



## 6. INCOME TAX EXPENSE (Continued)

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The annual tax rate used is 16.5% for the six months ended 30th June, 2015 (six months ended 30th June, 2014: 16.5%).

Taxation arising in the PRC and other jurisdiction is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year prevailing in the relevant jurisdictions.

Deferred tax liabilities on the temporary differences attributable to the undistributed retained profits earned by the Group's PRC subsidiary amounted to HK\$81,000 (six months ended 30th June, 2014: HK\$38,000) were charged to profit or loss for the six months ended 30th June, 2015.

## 7. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Release of prepaid lease payments for land	451	449
Depreciation of property, plant and equipment	35,714	35,336
Interest on bank deposits (included in other income and gains)	(4,779)	(5,153)
(Gain) loss on disposal of property, plant and equipment	<u>(4,040)</u>	<u>23</u>

## 8. DIVIDEND

No dividends were paid, declared or proposed during the reported period. The directors have resolved not to declare an interim dividend for the six months ended 30th June, 2015 (six months ended 30th June, 2014: nil).

## **9. EARNINGS PER SHARE**

The calculation of the basic earnings per share is based on the profit for the period attributable to the owners of the Company of HK\$31,584,000 (six months ended 30th June, 2014: HK\$282,603,000) and on 241,766,000 shares (six months ended 30th June, 2014: 241,766,000 shares) in issue during the period. The number of shares adopted in the calculation of the earnings per share has been arrived at after eliminating the shares in the Company held by a subsidiary.

Diluted earnings per share for both periods are not presented as there are no potential ordinary shares exist during both of the periods presented.

## **10. PROPERTY, PLANT AND EQUIPMENT/PROPERTIES UNDER DEVELOPMENT**

During the six months ended 30th June, 2015, the Group has acquired furniture, fixtures and equipment of HK\$22,764,000 (six months ended 30th June, 2014: HK\$2,468,000) and incurred HK\$14,220,000 (six months ended 30th June, 2014: HK\$63,115,000) on construction costs of new hotel premises. The Group has disposed of property, plant and equipment with carrying amount of HK\$429,000 (six months ended 30th June, 2014: HK\$23,000) during the period.

## **11. INVESTMENT PROPERTIES**

The fair value of the Group's investment properties at 30th June, 2015 and 31st December, 2014 has been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, an independent qualified professional valuer not connected with the Group. The valuation reports on these properties are signed by a director of DTZ Debenham Tie Leung Limited who is a member of The Hong Kong Institute of Surveyors, and were arrived at by adopting the income capitalisation method and/or by making reference to comparable sales transactions as available in the market to assess the market value of the investment properties.

The investment properties of the Group with an aggregate carrying amount of approximately HK\$3,083 million (2014: HK\$3,083 million) were rented out under operating leases at the end of the reporting period. There has been no change in the fair value of the investment properties for the six months ended 30th June, 2015 (six months ended 30th June, 2014: fair value gain of HK\$1,900,000).

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

## 12. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30th June, 2015 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2014 <i>HK\$'000</i> (Audited)
Listed equity securities in Hong Kong at fair value	5,185	5,232
Unlisted equity investments, at cost	<u>780</u>	<u>780</u>
	<u><b>5,965</b></u>	<u><b>6,012</b></u>

## 13. TRADE AND OTHER RECEIVABLES

Except for a credit period of 30 to 60 days granted to travel agencies and certain customers of the hotels, the Group does not allow any credit period to its customers. The following is an aged analysis of the Group's trade receivables presented based on the invoice date at the end of the reporting period:

	As at 30th June, 2015 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2014 <i>HK\$'000</i> (Audited)
Not yet due	6,343	17,042
Overdue:		
0 – 30 days	769	937
31 – 60 days	<u>-</u>	<u>51</u>
	<u><b>7,112</b></u>	<u><b>18,030</b></u>

Analysed for reporting as:

Trade receivables	7,112	18,030
Other receivables	<u>3,145</u>	<u>3,455</u>
	<u><b>10,257</b></u>	<u><b>21,485</b></u>

#### 14. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	<b>As at 30th June, 2015 HK\$'000 (Unaudited)</b>	As at 31st December, 2014 HK\$'000 (Audited)
0 – 30 days	<b>3,938</b>	2,812
31 – 60 days	<b>449</b>	380
61 – 90 days	<b>30</b>	6
	<b><u>4,417</u></b>	<u>3,198</u>

Analysed for reporting as:

Trade payables	<b>4,417</b>	3,198
Other payables and accruals ( <i>Note</i> )	<b><u>47,512</u></b>	<u>39,631</u>
	<b><u>51,929</u></b>	<u>42,829</u>

*Note:* Other payables and accruals include construction costs payable of HK\$8,778,000 (31st December, 2014: HK\$13,445,000).

## 15. BANK LOANS

	<b>As at 30th June, 2015 HK\$'000 (Unaudited)</b>	As at 31st December, 2014 HK\$'000 (Audited)
Secured bank loans	<b><u>593,017</u></b>	<u>621,733</u>
Carrying amounts of bank loans that contain a repayment on demand clause:		
Repayable within one year from the end of the reporting period	<b>196,451</b>	287,432
Not repayable within one year from the end of the reporting period shown under current liabilities	<b><u>396,566</u></b>	<u>334,301</u>
Amounts shown under current liabilities	<b><u>593,017</u></b>	<u>621,733</u>

All the Group's bank loans are floating rate borrowings, which carry interests at Hong Kong Interbank Offered Rate ("HIBOR") plus a margin of approximately 1.5% per annum for the six months ended 30th June, 2015 (year ended 31st December, 2014: HIBOR plus a margin of approximately 1.5% per annum). The bank loans are secured over certain of the Group's properties. Interest rates on the Group's bank loans are repriced according to the HIBOR monthly. Effective interest rate is 1.6% per annum (year ended 31st December, 2014: 1.6% per annum).

## 16. SHARE CAPITAL

	Number of shares '000	HK\$'000
Ordinary shares of HK\$0.5 each		
Authorised:		
At 1st January, 2014 (audited)	<u>400,000</u>	<u>200,000</u>
At 31st December, 2014 (audited) and 30th June, 2015	<u>N/A (Note)</u>	<u>N/A (Note)</u>
Issued and fully paid:		
At 1st January, 2014 (audited)	304,369	152,184
Transfer from share premium upon abolition of par value	<u>–</u>	<u>20,068</u>
At 31st December, 2014 (audited) and 30th June, 2015	<u>304,369</u>	<u>172,252</u>

*Note:* The Company has no authorised share capital and its shares have no par value from the announcement date of the new Hong Kong Companies Ordinance (i.e. 3rd March, 2014). There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

At 30th June, 2015, the Company's 62,603,000 (31st December, 2014: 62,603,000) issued shares were held by a subsidiary of the Group. In accordance with the Hong Kong Companies Ordinance, members of the Group who are shareholders of the Company have no right to vote at meetings of the Company.

## 17. RELATED PARTY TRANSACTIONS

Other than those disclosed in the condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

	Six months ended 30th June,	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>THE GROUP</b>		
<b>Trillion Resources Limited (the Company's ultimate holding company)</b>		
Interest expenses on advance to the Group ( <i>note a</i> )	1,129	1,142
Compensation of key management personnel ( <i>note b</i> )	<u>5,142</u>	<u>5,519</u>

*Notes:*

- (a) The advance from ultimate holding company is unsecured, carries interest at HIBOR plus 4% (31st December, 2014: HIBOR plus 4%) per annum and is repayable on demand.
- (b) The compensation of key management personnel comprised short-term and post employment benefits attributable to such personnel.

## 18. PROJECT COMMITMENTS

At 30th June, 2015, the Group had outstanding commitments contracted for but not provided in the condensed consolidated financial statements in respect of expenditure on properties under development and acquisition of property, plant and equipment amounting to HK\$6,210,000 (31st December, 2014: HK\$35,742,000) and HK\$Nil (31st December, 2014: HK\$1,159,000), respectively.

## 19. PLEDGE OF ASSETS

At 30th June, 2015, the bank loan facilities of the Group were secured by the following:

- (a) investment properties, properties under development and property, plant and equipment of the Group with carrying amounts of approximately HK\$2,280 million (31st December, 2014: HK\$2,280 million), HK\$398 million (31st December, 2014: HK\$383 million) and HK\$2,000 million (31st December, 2014: HK\$2,024 million), respectively;
- (b) pledge of shares in and subordination of loans due from certain subsidiaries with an aggregate carrying amount of approximately HK\$1,155 million (31st December, 2014: HK\$1,171 million); and
- (c) assignment of the Group's rentals and hotel revenue respectively.

## 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30th June, 2015	31st December, 2014		
	HK\$'000	HK\$'000		
Listed equity securities classified as available-for-sale investments	5,185	5,232	Level 1	Quoted bid prices in an active market

Except for certain available-for-sale investments which are stated at cost, the directors of the Company consider that the carrying amounts of the other financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.



## **21. EVENTS AFTER THE REPORTING PERIOD**

On 25th March, 2015, Shun Ho Technology Holdings Limited (“SHT”), a non-wholly owned subsidiary of the Company entered into the sale and purchase agreement with Magnificent Estates Limited (“MEL”), a non-wholly owned subsidiary of SHT, for the acquisition of 100% interest in Houston Venture Limited and its subsidiary, Tennyland Limited, and 68% interest in Trans-Profit Limited (collectively referred to as “Acquired Subsidiaries”) together with its shareholder’s loan due to MEL (the “Acquisition”). Upon completion of the Acquisition, the Acquired Subsidiaries ceased to be subsidiaries of MEL but will remain as the subsidiaries of SHT. The Acquired Subsidiaries are principally engaged in property investment in commercial buildings, namely, 633 King’s Road and Shun Ho Tower. Details of the Acquisition are set out in the circular issued by the Company dated 28th May, 2015 (the “Circular”).

The completion of the Acquisition involves various procedures as set out in the Circular, and the some of the procedures are not completed as at 30th June, 2015. Those procedures are inter-conditional among each other and it is considered that the Acquisition is an acquisition of non-controlling interests in MEL by the Company and the dilution of the Company’s equity interest in SHT together with the distribution of the Special Cash Dividend (as defined in the Circular) by MEL to all of its shareholders.

On 17th July, 2015, the Company announced the all the procedures contemplated under the Acquisition had been completed.